

865d.515/3
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DOCUMENT FILE

NOTE

SEE 865d.515/3 FOR tel #420 11am

FROM Ethiopia (Engert) DATED June 14, 1936
TO NAME 1-1127 ..

REGARDING: Exchange - Italian East Africa

Exchange rate officially fixed at five Italian Lire to
one Ethiopian thaler.

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865D.5151/1



OFFICE OF ECONOMIC AFFAIRS
JUL 13 1936
DEPARTMENT OF STATE

EMBASSY OF THE
UNITED STATES OF AMERICA

ROME, June 26, 1936.

*WE
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ED*

No. 1757

Subject: Exchange Control in Italian East Africa.

865D.5151
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DEPARTMENT OF STATE

1936 JUL 7 AM 11 59

ACCT
RECORDING DESK
FILE
DEPARTMENT OF STATE
ASSISTANT SECRETARY
OF STATE

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DIVISION OF WESTERN
EUROPEAN AFFAIRS
JUL 7 1936
DEPARTMENT OF STATE

Treasury
JUL 8 1936

865D.5151/2

The Honorable

The Secretary of State,
Washington.

Sir:

With reference to despatch No. 1435 of November 29th, 1935, reporting Ministerial Decree of November 16th, 1935 which made the transfer of lire or foreign exchange abroad subject to the previous authorization of the Government, I have the honor to transmit herewith a translation of Royal Decree-Law of June 8th, 1936, No. 1131, (Official Gazette of June 24, 1936) which extends this provision to the territory of Italian East Africa.

While the war in Ethiopia was in progress the Italian authorities on the spot were given a free hand more or less to import direct from abroad what they considered necessary for the prosecution of the war and to make payments therefor without reference to the central government. This absence

of

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of control very naturally led to a system of provisioning which was far from economical and rumors are current today that large profits, and even fortunes, were made by middlemen who were lucky enough to be in East Africa during the time that the exigencies of the war made strict supervision of purchases inadvisable.

The present decree-law, by extending the rigid restrictions on the allotment of foreign exchange, which have been in force in Italy for many months, to Italian East Africa, has put a stop to this profiteering, and it is understood that the above-mentioned middlemen, no longer able to operate as before, have now returned or are returning to Italy from East Africa.

From the foregoing experience it would appear that while the Italian government, on the one hand, may have been able to "take the profit out of war" insofar as the large industries in Italy are concerned by limiting the size of dividends and by other legislative provisions, it was unable, on the other hand, to control the exorbitant profits of the "little fellow" who went to East Africa, for instance, to arrange for the selling of oil, motor trucks, etc., to governmental and military authorities who were more intent upon winning the war than on counting costs, or to sell pen-points, or other similar necessities to the homesick soldiers.

Respectfully yours,



Alexander Kirk,
Chargé d'Affaires ad interim.



Enclosure:

Translation of Royal Decree-Law.

HHT/wrm
851

(Translation)

ROYAL DECREE-LAW of June 8 1936-XIV, No.1131

Exercise of Control of Currency
in Italian East Africa.

Article I.

In the territory of Italian East Africa any transfer of foreign exchange or lire abroad must be authorized by the Undersecretariat of State for Trade and Foreign Exchange.

Article II

The Colonial administrations are obliged to submit to the previous authorization of the Undersecretariat for Trade and Foreign Exchange orders for the supplies they intend to import from abroad for their respective services, as well as the orders and commitments given to contracting firms which of necessity use materials not produced in Italy, in her Colonies, or in her Possessions.

The same rules apply to public bodies with offices in the colony and which may, in any way, carry on their activities there.

Article III

In order to carry out the regulations contained in the preceding articles deputies of the Undersecretariat of State for Trade and Foreign Exchange attached to the General Government and the various governments of Italian East Africa shall be appointed by decree of the Chief of the Government.

Article IV

Article IV

The expenditures necessary for the carrying out of the present decree are charged against the appropriations inscribed in the expenditure estimates of the Ministry of Finance (Undersecretariat of State for Trade and Foreign Exchange).

Article V

Further rules necessary for the carrying out of this decree shall be issued by the Chief of the Government, Prime Minister Secretary of State, and Minister Secretary of State for the Colonies, in agreement with the Minister of Finance.

Article VI

The present decree shall be presented to Parliament for conversion into law.

Dated at Rome, June 8, 1936.

VICTOR EMMANUEL

Mussolini - Di Revel

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NOTE

SEE 865d.01/142 FOR Despatch #1756

FROM Italy (Kirk) DATED June 26, 1936
TO NAME 1-1137 ...

865D.5151/3

REGARDING: Exchange- Italian East Africa. Text of decree establishing official rate of the thaler at 5 lire was made public in Addis Ababa on June 13th. Provisions of decree.

The text of the decree establishing the official rate of the thaler at 5 lire was made public in Addis Ababa on June 13th; this decree provides for a minimum fine of 50 lire and a maximum of 5000 lire for any person buying or selling thalers at any other rate. Another decree of the same date confirmed the prohibition, already established, on the exportation of foreign exchange and established rules for the declaration thereof.

According to press despatches under Addis Ababa date line of June 23rd, a branch of the Italian Treasury will shortly be opened there.

DEPARTMENT OF STATE

Voluntary Report

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JUL 25 1936

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DEPARTMENT OF STATE
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JUL 23 1936
ASSISTANT SECRETARY
OF STATE
DIVISION OF
COMMUNICATIONS
AND RECORDS

DIVISION OF WESTERN
EUROPEAN AFFAIRS
JUL 27 1936
DEPARTMENT OF STATE

OFFICE OF ECONOMIC ADVISER
JUL 27 1936
DEPARTMENT OF STATE

865D.5151/4

FOREIGN EXCHANGE RESTRICTIONS FOR ITALIAN
EAST AFRICAN POSSESSIONS

From: Consul Lester L. Schnare.

Lester L. Schnare

Milan, Italy. Date of Completion: July 2, 1936.

Date of Mailing: July 3, 1936.

Approved by:

G. K. Donald
G. K. DONALD
American Consul General

DIVISION OF
TRADE AGREEMENTS
TA
JUL 28 1936
DEPARTMENT OF STATE

FILED

JUL 31 1936

GRC

865d.5151

New Law Increases Trade Difficulties.

A royal decree-law of June 8, 1936*, provides for the establishment of an official control of foreign exchange in all Italian possessions in East Africa (Eritrea, Somaliland and Abyssinia). No transfer of foreign currency or Italian lire from these territories may now be made without the authorization of the Under-Secretary of State for Exchange and Currency (Sottosegretariato di Stato per Scambi e per le Valute).

The colonial administrators are also required to submit for the approval of the Under Secretary a list of all foreign supplies that they may need, together with all orders they may give to private firms, which involve the use of materials not produced in Italy or its colonies.

Special representatives of the Under Secretary will be appointed for the Governor General and for the several districts of Italian East Africa to carry out the provisions of this law. Regulations prescribing the manner in which it is to be carried out will be issued shortly.

Up to the date of the publication of this decree, when it became effective, there had been no restriction of the sale of foreign exchange in Italian East Africa. Henceforth, however, foreign exporters to these territories may doubtless expect to meet difficulties in this direction similar to those which have existed in Italy for the past two years.

851.51

*Published in the "Gazzetta Ufficiale del Regno d'Italia" No. 145, dated June, 24, 1936. (Official Gazette, Rome).

851.51
LIS/az.

Original and 4 copies for Commercial Office, Department of State.
1 copy for Commercial Attache', Rome, Italy.
1 copy for Supervising Consulate General, Naples, Italy.

X

DOCUMENT FILE

NOTE

SEE 665d.006/a FOR Tel. # 360, 1 pm.

FROM Ethiopia () DATED Sept. 26, 1936.

TO

NAME

1-1127

...

REGARDING: Italian regulations affecting allocation of exchange in Ethiopia.

Instructs to report with regard to -

DOCUMENT FILE

NOTE

SEE 865D.516/15 FOR Tel #375 7 pm

~~FROM~~ Ethiopia () DATED Oct. 19, 1936
TO NAME 1-1127 ..

REGARDING: Reconcile statement that decree declared
Ethiopian paper money invalid after Oct. 15, 1936
with statement in economic survey mailed Sept. 1
that bank notes would be redeemed until Dec. 31,
1936. How is the rate of 2.4 thalers to the
dollar arrived at?

DOCUMENT FILE

NOTE

SEE 865d.516/16 FOR Tel. 607- 10am
FROM Ethiopia (Engert) DATED Oct. 23, 1936
TO NAME 1-1127 o p o

REGARDING: Exchange- Italian East Africa. Rate of 2.4 silver thalers to the dollar has been obtainable this month for dollar drafts from reputable merchants although no official dollar-thalers spot rate was quoted.

865d.5151

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NOTE

865D.5151/8

SEE 865d.516/17 FOR Tel. #512, 10 am

FROM Ethiopia (Engert) DATED Oct. 26, 1936

TO NAME 1-1127

REGARDING:

Announcement by Italian authorities that date after which nickel coins will be invalid has been advanced to October 31, 1936, instead of December 22, as fixed by decree of August 10.

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NC

Addis Ababa

A portion of this telegram must be closely paraphrased before being communicated to anyone. (A)

Dated October 26, 1936

Rec'd 11:a.m.

Secretary of State

Washington

612, Oct 26, 10 a.m.

Please see paragraph one of the Legation's 607,

October 23, 10 a.m.

Italian authorities yesterday suddenly announced that the date after which nickel coins will be invalid has been advanced to October 31, 1936 instead of December 22, as fixed by decree of August 10th.

Confidential. This is a typical example of the utter state of confusion into which Italian financial and economic measures are throwing this country. Changing a law of such great importance to the small trader and the poorer classes only six days before it becomes effective is, I believe, quite unprecedented. The great majority of the people in the interior including our missionaries will, owing to lack of communications, find it of course impossible to exchange their small coins by October 31st just as most of them were unable to get rid of paper money by October 15th. The manner in which both demonetizing operations are carried into effect is calculated to yield entirely unwarranted profits to the Italian authorities.

ENGERT

CSB

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865d. 5151
865d. 5151

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NOTE

SEE 124.845/63 FOR Tel. 18, 2pm.

FROM Ethiopia (Engert) DATED Jan. 14, 1937
TO NAME 1-1127

REGARDING:

Maria Theresa thalers have been made legal tender but not more than fifty thalers at a time can be obtained from the bank. Actually impossible to obtain silver at less than ten or eleven lire.

M

865D.5151/ 9

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NOTE

SEE 600.65d9/1 FOR Report # 64

FROM Naples (Withey) DATED Oct.1,1937

TO NAME 1-1127 GPO

REGARDING: Bank approval made a condition to exports from Italian East Africa -
Governor General of Italian East Africa issued precise customs regulations designed to control and regulate all exportations of merchandise from Italian East Africa.

dt

865D.5151/10

AMERICAN CONSULATE,
Nairobi, Colony of Kenya, Africa,
May 10, 1938.

RECEIVED
DIVISION OF DEPARTMENT OF STATE
EUROPEAN AFFAIRS
JUL 2 1938 JUN 22 AM 11 28
DEPARTMENT OF STATE

DIVISION OF
COMMUNICATIONS
AND RECORDS

FOR GUARDED
DISSEMINATION ONLY.

DEPARTMENT OF STATE
JUN 23 1938
DIVISION OF
NEAR EASTERN AFFAIRS

ADVISER ON POLITICAL RELATIONS
MR. LUNN
JUN 25 1938
DEPARTMENT OF STATE

SUBJECT: Exchange Difficulties in Ethiopia.

1-1085 GPO
DIVISION OF
TRADE AGREEMENTS
JUL 7 1938
THE HONORABLE
DEPARTMENT OF STATE
OFFICE OF THE ADVISER ON
INTERNATIONAL ECONOMIC AFFAIRS
JUL - 6 1938
THE SECRETARY OF STATE,
WASHINGTON.

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Yes No

To the Field

IL L. L. A.

Commerce

JUN 29 1938

Sir:

RECORDING DESK
FILE - C.B.M.

[I have the honor to report that Mr. Yervant S. Saatjian, an Armenian formerly a clerk with the American Mission at Addis Ababa, has just arrived at Nairobi, having left Addis Ababa on March 31, 1938.

It is thought that his description of exchange difficulties in Ethiopia may be of interest to the Department.] The official rate of exchange, as quoted by the Banca d'Italia, was 18.50 to 19.00 lira to the dollar at the end of March, 1938. But unofficially, one could get 28 lira to the dollar, the dollars to be deposited at London or at Djibuti. It was, [Mr. Saatjian stated], illegal for an Italian to have any foreign exchange, and all dealings in it were under cover, - similar to the "black bourse" in Germany during the inflation. (He said that one

could

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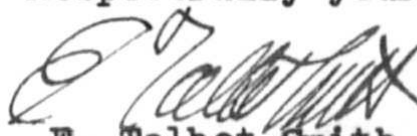
865D.5151/11

could get 148 lira for the pound sterling in October, 1937, but that since then the lira had strengthened and one could get only 112 lira to the pound at the end of March, 1938. The course of this illegal exchange, *Heise* (he stated,) seemed to follow the feeling regarding Italo-British relations, the lira strengthening as relations improved.

excess (Mr. Saatjian ^{It was} also) stated that there was good business being carried on in gold and in Austrian thalers.

Permits for importations were only granted if the importation did not involve the purchase of foreign exchange to pay for the imports. In fact, the purchase of foreign exchange legally was almost impossible. More and more, my informant stated, small business men were being driven to the wall, and business concentrated in a number of government monopolies. These, of course, were granted the necessary exchange to carry on. As a result of such activity, the foreign population had decreased, the number of Armenians falling from about 1,000 to about 550, of Greeks from about 3,000 to about 2,000.

Respectfully yours,


E. Talbot Smith,
American Consul.

800/851
ETS/GH

Original and four copies
to Department of State.

DOCUMENT FILE

NOTE

SEE 865d00/34 FOR Report #44

FROM Naples (McCloud) DATED April 28, 1938
TO NAME 1-1127 o p o

REGARDING: Exchange - Italian East Africa.
Viceroy has promulgated regulations to eliminate limitations of the export of merchandise. Exporter now must assign to the Bank of Italy or any other authorized bank the amount of foreign currency he will receive in payment for his goods and the banks will issue viased memoranda for customs authorities permitting the contemplated export.

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865D.5151/12

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NOTE

SEE 865.51/992 FOR MEMORANDUM

FROM State Department
European Affairs (Tittmann) DATED Jan. 10, 1938

TA

NAME

1-1127 ***

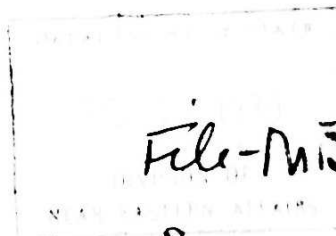
REGARDING:

Curtailment of foreign exchange for Ethiopian expenditures by the Italian Government. Conversation with the financial attache of the French Embassy relative to the -.

AE

SILAS BLAKE AXTELL
PROCTOR IN ADMIRALTY
15 MOORE STREET
NEW YORK

1939 SEP 1 AM 10 54



September 8 1939

August 31, 1939

Secretary of State
Washington, D.C.

Dear Sir:-

Would you be able to tell me how I can ascertain what the exchange rate was on Abyssinian and American dollars at Addis Ababa on the 2nd of May, 1936 or about that time? If you can not supply me with the exchange rate for that date, perhaps you will be able to give it to me for the 15th of April, 1936 or the 15th of May, 1936.

Thanking you and awaiting your reply, I remain

Yours very truly,

sba:fm

Silas B. Axtell
SILAS B. AXTELL

SEP 11 1939

865D.5151/14

NM

September 8 1939

In reply refer to
NE 865D.5151/14

My dear Mr. Axtell:

The Department acknowledges the receipt of your letter of August 31, 1939, requesting information on the rate of exchange which obtained between the American dollar and the Abyssinian dollar on or near May 2, 1936.

According to advices received by the Department in a despatch of April 5, 1936, from the American Legation at Addis Ababa, the rate of exchange between the United States dollar and the Maria Theresa dollar current in Abyssinia was quoted on March 31, 1936 at US\$1.00 = MT\$2.704. You will note, of course, that this quotation is more than a month earlier than the date to which you refer. The Department regrets that it is unable to furnish you with more precise information.

Sincerely yours,

For the Secretary of State:

Wallace Murray,

Chief, Division of Near Eastern Affairs

Mr. Silas B. Axtell,
Proctor in Admiralty,
15 Moore Street,
New York, New York.

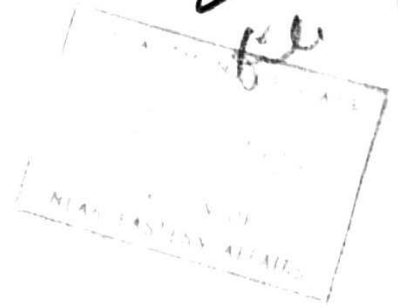
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865D.5151/14

SILAS BLAKE AXTELL
PROCTOR IN ADMIRALTY
15 MOORE STREET
NEW YORK



September 11, 1939

Mr. Wallace Murray
Chief, Division of Near Eastern Affairs
Department of State
Washington, D.C.

Re: NE 865D.5151/14 - Maria Theresa dollar

Dear Sir:-

This is to acknowledge receipt and
thank you for your letter of September 8th concerning
the above matter.

Yours very truly,

A handwritten signature in dark ink, appearing to be "SBA", written over the typed name.

SILAS B. AXTELL

sba:fm

865D.5151/15

NM

Central File: Decimal File 865D.5151, Internal Affairs Of States, Financial Conditions. Budget. Dept. Bond Issues. Loans. Public Securities. Credits., Monetary System. Coinage. Currency. Mint. Bullion., Italian East Africa, Exchange., June 14, 1936 - September 11, 1939. June 14, 1936 - September 11, 1939. MS European Colonialism in the Early 20th Century. National Archives (United States). Archives Unbound, link.gale.com%2Fapps%2Fdoc%2FSC5109727532%2FGDSC%3Fu%3Domni%26sid%3Dbookmark-GDSC. Accessed 18 June 2025.